



Audit of
Convention and Visitors Bureau
Florida Sports Foundation Account

Office of the County Auditor

Audit Report

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County Auditor

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Report No. 20-06
November 20, 2019



OFFICE OF THE COUNTY AUDITOR

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November 20, 2019

Honorable Mayor and Board of County Commissioners:

At the request of County Administration, we have conducted an audit of the Convention and Visitors Bureau (CVB) Florida Sports Foundation Account. Our audit objectives were to determine whether all deposits remitted to the County were appropriately accounted for and to determine whether all disbursements were for an appropriate public purpose and adequately supported.

We conclude that all deposits remitted to the County were appropriately accounted for; however, we conclude that some disbursements were questionable regarding an appropriate public purpose or inadequately supported. An absence of internal controls allowed for inappropriate expenditures and questionable costs to occur. Disbursements were made to vendors where the former Vice President of the CVB Sport Development Office (CVB Vice President) had potentially inappropriate relationships. One vendor, that was paid \$419,532, is owned and operated by the former CVB Vice President, who had control over vendor selection, vendor orders, receipt of goods, and vendor payments. Charges for goods and services were of questionable fair market value and legitimacy. We also identified \$588,271 in questionable costs, where there was a lack of supporting documentation, especially given the nature of the transactions, which included yacht charters, tickets to sporting events, and charitable contributions. Opportunities for Improvement are included in the report.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We appreciate the cooperation and assistance provided by the CVB throughout our review process.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bob Melton".

Bob Melton
County Auditor

Broward County Board of County Commissioners

Mark D. Bogen • Lamar P. Fisher • Beam Furr • Steve Geller • Dale V.C. Holness • Nan H. Rich • Tim Ryan • Barbara Sharief • Michael Udine
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Audit of Convention and Visitors Bureau Florida Sports Foundation Account

cc: Bertha Henry, County Administrator
Andrew Meyers, County Attorney
Monica Cepero, Deputy County Administrator
Stacy Ritter, CVB President

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EXECUTIVE SUMMARY

We conducted an audit of the Convention and Visitor's Bureau (CVB) Florida Sports Foundation Account (Account).

The lack of internal controls in the use of the Account allowed the CVB to avoid the County's procurement process and pay vendors without proper review and approval. Account deposits and disbursements were processed and maintained by SMG (the vendor responsible for operating the Broward County Convention Center) outside of the County's financial accounting system and established internal control processes. This practice circumvented normal County disbursement processes and established controls over procurement.

A former CVB Vice President purchased \$419,532 of products and services from her own company, Saints Enterprises. Charges for goods and services were of questionable fair market value and legitimacy. Fifteen invoices, totaling \$182,352, were for bottle opener koozies. The shipping address on the invoices was to Saints Enterprises rather than the CVB, and there was no evidence documenting receipt of the koozies. The business address for Saints Enterprises is the same address as the former CVB Vice President's home address. Eleven invoices, totaling \$136,245, were for gifts and other giveaways. Gifts included items such as leather carryon bags, leather briefcases, athletic bags, airfare, and Guy Harvey Artwork. However, many invoices were not itemized, making it unclear what was ordered and what was the business purpose. The lack of supporting documentation leads to questions as to whether the goods and services were valid and appropriate. In addition, we identified four questionable transactions involving Scientific Games (a.k.a. MDI Scientific Games Properties, MDI Entertainment, LLC, and Scientific Games International, Inc.) and Intercoastal Marketing, LLC., totaling \$67,098. During an interview, the CVB Vice President described her relationship with the Director of Marketing for Scientific Games as personal and professional.

Immediately upon notification by our office, the President of the CVB acted quickly and the CVB Vice President resigned, effective September 12, 2019.

We identified expenses where we question the necessity, justification, and public purpose of the activities and related costs such as yacht charters, sporting and concert event tickets, and charitable contributions. These questionable costs total approximately \$588,271. These expenses did not have a documented public purpose and the invoices lacked itemization,

attendance records, and evidence of review and approval. Of the total expense, \$91,417 was spent for tickets to 3 Super Bowls located in New York, Houston, and Minneapolis. We question the necessity and reasonableness of using public funds to send potential clients and staff to Super Bowls that are out of the area, unless there are specific circumstances justifying such. We were not informed of any such circumstances.

Our report contains a total of six recommendations for improvement. Management's responses are included in the report.

INTRODUCTION

Scope and Methodology

The Office of the County Auditor conducts audits of Broward County's entities, programs, activities, and contractors to provide the Board of County Commissioners, Broward County's residents, County management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted an audit of the Convention and Visitor's Bureau (CVB) Florida Sports Foundation Account (Account). Our office inquired about Board of County Commissioners Agenda Item No. 16 on December 4, 2018, accepting a payment of \$100,000 from the Seminole Hard Rock Hotel and Casino (Hard Rock). As a result of the inquiry, we noted that the CVB Sports Development Office (Office) uses the Account for the purposes of funding expenditures to market and support sports tourism events. We requested deposit and expense detail for the Account. In responding to our request, County Administration performed a preliminary review of the Account details and requested that we perform an audit of the Account. Our audit objectives were to determine whether:

- 1) All deposits remitted to the County were appropriately accounted for.
- 2) All disbursements were for an appropriate public purpose and adequately supported.
- 3) Any additional opportunities for improvement exist.

To determine whether all deposits remitted to the County were appropriately accounted for, we obtained and analyzed account details for all deposits and disbursements. Our review included independent deposit confirmations and a review of supporting invoices and check copies for selected disbursements. We also interviewed management and staff.

To determine whether all disbursements were for an appropriate public purpose and adequately supported, we tested a sample of 21 disbursement groups or vendors totaling \$1,803,991, which represents 72.2% of the total disbursements of \$2,498,697. The disbursement groups represent either individual vendors or a group of vendors related to one type of expense. For example, we combined all expenses for yacht charters into one group even though five different vendors provided the service. Table 1 below provides a list of the disbursements tested:

Table 1

| | Disbursements Tested | Total Amount Paid | % of Total Disbursements |
|----|-----------------------------------|--------------------------|---------------------------------|
| 1 | Saints Enterprises | \$419,532 | 16.8% |
| 2 | Yacht Charters | \$287,930 | 11.5% |
| 3 | Beach Majors | \$173,926 | 7.0% |
| 4 | Super Bowl | \$144,005 | 5.8% |
| 5 | GameDay Management, Inc. | \$112,968 | 4.5% |
| 6 | KICS International, Inc. | \$89,812 | 3.6% |
| 7 | Miami Dolphins Ltd. | \$88,131 | 3.5% |
| 8 | Judo Tournaments | \$56,500 | 2.3% |
| 9 | Starmark | \$50,733 | 2.0% |
| 10 | National Football League | \$50,000 | 2.0% |
| 11 | AAU Taekwondo | \$45,000 | 1.8% |
| 12 | Intercoastal Marketing, LLC | \$43,108 | 1.7% |
| 13 | Here's Help Inc. | \$37,800 | 1.5% |
| 14 | USA Judo | \$36,000 | 1.4% |
| 15 | Christine Lee at Gulfstream | \$33,621 | 1.3% |
| 16 | Paulo Jordo | \$27,900 | 1.1% |
| 17 | Primesport | \$27,630 | 1.1% |
| 18 | Golfers Guide Marketing Solutions | \$25,000 | 1.0% |
| 19 | Scientific Games | \$23,990 | 1.0% |
| 20 | Orange Bowl | \$15,885 | .6% |
| 21 | Tortuga Music Festival | \$14,520 | .6% |
| | Disbursements Tested | \$1,803,991 | 72.2% |
| | Total Disbursements | \$2,498,697 | |

Source: Florida Sports Foundation Account disbursements.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period was October 1, 2009 through the discontinuance of the account on January 7, 2019. We also reviewed applicable procurement card purchases and other County disbursements subsequent to January 7, 2019, where deemed necessary. Final interviews were conducted in September 2019.

Overall Conclusion

We conclude that all deposits remitted to the County were appropriately accounted for. However, we conclude that some disbursements were questionable regarding an appropriate public purpose or inadequately supported. An absence of internal controls allowed for inappropriate expenditures and questionable costs to occur. Disbursements were made to vendors where the former Vice President of the CVB Sport Development Office (CVB Vice President) had potentially inappropriate relationships. One vendor, that was paid \$419,532, is owned and operated by the former CVB Vice President, who had control over vendor selection, vendor orders, receipt of goods, and vendor payments. Charges for goods and services were of questionable fair market value and legitimacy. We also identified \$588,271 in questionable costs, where there was a lack of supporting documentation, especially given the nature of the transactions, which included yacht charters, tickets to sporting events, and charitable contributions. Opportunities for Improvement are included in the report.

Background

Convention and Visitors Bureau Sports Development Office

The Convention and Visitors Bureau (CVB), Sports Development Office (Office), is led by the CVB President supported by a Vice President, Senior Manager, and Manager. The Office is responsible for recruiting and supporting national and regional sports events as well as other sporting events and conferences. The Office receives funding and support from Florida Sports Foundation, a non-profit corporation, who is the official sports promotion and development organization for the State of Florida. The Foundation provides grants to the CVB to support events that bring out-of-state visitors to Florida. Other funding support is provided by Seminole Hard Rock Hotel and Casino (Hard Rock).

Broward County is home to more than 300 sporting events each year. Some of the events include the Beach Majors Volleyball Tournament, Amateur Athletic Union (AAU) Taekwondo National Championships, U.S. Open Judo Championships, and Battle Youth Football Championships. These events have a significant economic impact for the County, bringing thousands of athletes, coaches, and attendees to the area, who enjoy the local restaurants, stay in area hotels, and explore Broward County.

Florida Sports Foundation Account

The CVB utilized the Florida Sports Foundation Account (Account) to track deposits received from the Florida Sports Foundation and Hard Rock and fund expenditures to market and support sports tourism events. The Account was maintained as an escrow account by SMG, the CVB vendor

responsible for operating the Broward County Convention Center. The escrow account was used to deposit receipts and to disburse payments as directed by the CVB. Effective January 7, 2019, the Account was no longer used, and the remaining funds were transferred to a Broward County bank account. Below is a table summarizing the account activity:

| <u>Account Summary</u> | |
|-------------------------------------------------|----------------|
| <u>October 1, 2009 – January 7, 2019</u> | |
| Beginning Balance | \$ 190,123 |
| Total Deposits | 2,561,357 |
| Total Disbursements | (2,498,697) |
| Remaining Balance | 252,783 |
| Transfer to County | (252,783) |
| Ending Balance | \$ - |

Source: Florida Sports Foundation Account

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. Lack of Internal Controls Allowed for Inappropriate Transactions and Violations of County Policy to Occur.

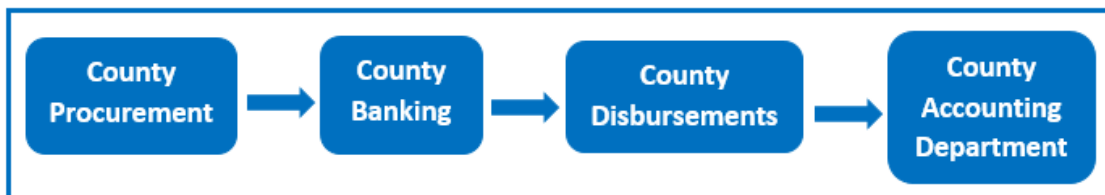
The lack of internal controls in the use of the Account allowed the CVB to avoid the County's procurement process and pay vendors without proper review and approval. We noted the following deficiencies:

- A. All Account deposits and disbursements were processed and maintained by SMG outside of the County's financial accounting system and established internal control processes. This practice circumvented normal County disbursement processes and established controls over procurement. As described in the background, the CVB directed SMG to process transactions. The pictures below provide a comparison of each process:

CVB's Process



County's Process



County transactions should be processed and tracked by the County and subject to the County's controls. Failure to adequately follow the County's processes increases the risk of inappropriate activity including circumvention of established competitive procurement

practices, inadequate segregation of duties, and inadequate approval of payments. Each of these risks were realized as a result of this “off-site” fund and accounting structure as further described in B, C, and D. Although SMG had custody of the fund, they made any disbursement authorized by the CVB President, without any oversight.

- B. Duties related to the use of this account to procure goods and services were inadequately segregated. The CVB Vice President had the ability to select vendors, order and receive products, and deliver payments to the vendors. Failure to segregate these incompatible duties allowed for inappropriate transactions further described in Opportunity for Improvement #2. “Segregation of duties,” is an important preventive control which requires more than one individual to be responsible for completing a process. This control makes it more difficult for intentional wrongdoing because it requires collusion by two or more individuals. The County’s established procurement process segregates these duties. For example, an individual, other than the purchaser (a “receiver”) is required to acknowledge that purchased products or services are received. In addition, payments from the County are sent directly to the vendor, not the purchaser.
- C. Purchases circumvented the County’s procurement code and lacked evidence of competitive solicitation. Our review noted that none of the vendors used were required to go through the County’s procurement process. Vendors were selected directly by the CVB. The County’s Procurement Code is designed to ensure free and open competition. The code “enables the County to maximize to the fullest extent practicable, the purchasing value of public funds by fostering effective broad-based competition within the free enterprise system, while ensuring fair and equitable treatment of all persons who deal with County Procurement.” It is accomplished through public and competitive solicitation and award practices. The lack of competition increases the risk of corruption, excessive prices, and preferential treatment. Failure to follow the procurement code led to a lack of competition, higher prices, and unfair or inappropriate award practices.
- D. Invoices were not adequately reviewed prior to payment. From the 21 disbursement groups tested (Table 1), 0 of 163 (0%) invoices reviewed had evidence of review and approval. The CVB President only approved check request letters, which list vendor names and dollar amounts only, in lieu of actual invoices. Appendix A shows two sample check request letters. County policy and standard business practices require that transactions are adequately reviewed to ensure expenses are valid and adequately supported. As noted above, the lack of internal controls allowed payments to be processed without proper review and approval. Failure to review and approve actual invoices resulted in questionable payments to vendors that may have been prevented.

Per CVB management, the Account was originally established to assist the Sport Development Office in handling Florida Sports Foundation grant funds and the ability to have funds readily available to pay vendors. The Office treated the account as non-tax dollars, which they rationalized were not subject to the established County controls and oversight.

The lack of internal controls in conjunction with the use of the Account allowed the CVB to avoid the County's procurement process and pay vendors without proper review and approval. As a result, inappropriate transactions occurred as discussed in Opportunity for Improvement No.'s 2 through 4.

We recommend management follow established County procurement practices, including the segregation of incompatible duties in the procurement process, and the adequate review and approval of invoices prior to payment by an independent person.

2. A CVB Vice President Purchased Over \$400,000 of Products and Services from an Affiliated Company, and Processed Payments for Goods and Services of Questionable Market Value and Legitimacy.

A CVB Vice President purchased \$419,532 of products and services from her own company, Saints Enterprises. We identified the following concerns:

- A. A CVB Vice President was doing business with her own company and did not disclose the outside employment until June 2019, long after payments to her company ceased. The President approved the outside employment form on June 27, 2019 and did not recognize that the company name was the same name that had previously been approved for payments on the check request letters.

County policy requires the disclosure of outside employment. For any outside employment, County employees may not purchase goods and services from their own private businesses on behalf of the County. Specifically,

- County policy requires all employees to complete an Outside Employment Request Form, whether or not they seek to engage in outside employment. The form requires a declaration by the employee that they are either not engaged in outside employment or are requesting permission to engage in outside employment. If the employee is requesting permission, the form requires the name of the organization, location, compensation, work schedule, employee title, and duties. The form must be approved by the employee's supervisor and filed with Human Resources.

- According to the Broward County Employee Code of Ethics, employees should avoid the appearance, perception or reality of a conflict of interest. Further, the Code of Ethics states:

“A County employee must not, in any way, participate in or seek to influence any procurement or other County-related matter or decision when:

- 1. An immediate family member is engaged, or is seeking to be engaged, in business with the County;*
- 2. An entity, which is owned in whole or in part (except ownership of a noncontrolling interest in a publicly traded entity) by an immediate family member, is engaged, or is seeking to be engaged, in business with the County; or*
- 3. An entity, which is represented by an immediate family member (as an attorney, lobbyist, officer, or director) is engaged, or is seeking to be engaged, in business with the County.”*

- Section 112.313(3) of the Florida Statutes states:

“No employee of an agency acting in his or her official capacity as a purchasing agent, or public officer acting in his or her official capacity, shall either directly or indirectly purchase, rent, or lease any realty, goods, or services for his or her own agency from any business entity of which the officer or employee or the officer’s or employee’s spouse or child is an officer, partner, director, or proprietor or in which such officer or employee or the officer’s or employee’s spouse or child, or any combination of them, has a material interest.”

The act of purchasing for a governmental body where the purchasing agent has a personal interest in the vendor creates a clear conflict of interest and erodes the public’s trust that fair and open competition is conducted. As shown in section B below, a significant consequence is the questioned fair market value of products and services purchased and legitimacy of invoices.

- B. Charges for goods and services were of questionable fair market value and legitimacy. Saints Enterprises was the highest paid vendor for our audit period, totaling \$419,532 (Table 1).

Table 2 below summarizes the disbursements to Saints Enterprises:

Table 2

| Expense Description | Amount |
|----------------------------------------|------------------|
| Bottle Opener/Koozies | \$182,352 |
| VIP Gifts & Giveaways | \$136,245 |
| Boat Parade & Other Hospitality Events | \$65,095 |
| Yacht / Dinner Cruises | \$14,500 |
| NFL On Location Package | \$10,000 |
| Shipping Fees | \$8,290 |
| Sponsorship or Activation Fees | \$2,000 |
| Tortuga Parking Passes | \$1,050 |
| Total | \$419,532 |

Source: Prepared by the Office of the County Auditor based on review of invoices provided.

Appendix B provides further detail of these expenditures. In addition, see Appendix B, Exhibit 1, for a timeline of Saints Enterprises company history and transactions.

We reviewed all invoices and noted the following concerns:

- 1) Fifteen invoices, totaling \$182,352, were for bottle opener koozies. These are used as marketing materials for specific sporting events and other CVB events. Per the CVB Vice President, her markup on koozies was 100%. The shipping address on the invoices was to Saints Enterprises rather than the CVB, and there was no evidence documenting receipt of the koozies. The business address for Saints Enterprises is the same address as the CVB Vice President's home address. It should also be noted that management believed the koozies ordered were a sole sourced item. If this were the case, per County Procurement Code (Chapter 21.34), a sole sourced form would have been completed and approved. A sample invoice is provided in Appendix B, Exhibit 2. Below is a picture of one invoice where Koozies were ordered and the "Ship To" address was to Saints Enterprises:

TO:
GFLCVB
100 East Broward Blvd.
Suite 200
Fort Lauderdale, FL 33301
P 954-767-2455

SHIP TO:
1000 River Reach Drive
#501
Fort Lauderdale, FL 33315
P 512-417-2872
saintenterprises@aol.com

| SALES REP. | P.O. NUMBER | SHIP DATE | SHIP VIA | TERMS | |
|-------------------|-------------|------------------------------------------------------------------------------------------------------------------------------|----------|------------|------------|
| SV | 3197510 | 3/24/14 | FEDEX | 30 DAYS | |
| QUANTITY | DESCRIPTION | | | UNIT PRICE | TOTAL |
| 1,472 | Product | ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE-NAUTILUX-RED (N), NORTH AMERICAN CHINESE BBALL IMPRINT | | 4.00 | \$5,888.00 |
| 1,920 | Product | ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE- BLACK (N) GREATER FORT LAUDERDALE/HELLO SUNNY.ORG LOGO YELLOW/ORANGE IMPRINT | | 4.00 | 7,680.00 |
| 1,920 | Product | ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE- NAUTILUX-NAVY (N) GREATER FORT LAUDERDALE/HELLO SUNNY.ORG LOGO YELLOW/ORANGE IMPRINT | | 4.00 | 7,680.00 |
| 1,920 | Product | ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE- CAMO (N) GREATER FORT LAUDERDALE/HELLO SUNNY.ORG LOGO YELLOW/ORANGE IMPRINT | | 4.00 | 7,680.00 |
| | Expense | ONE TIME SET UP FEE and FREIGHT VIA FED EX | | 1072.00 | 1,072.00 |
| TOTAL AMOUNT DUE: | | | | | 30,000.00 |

- 2) Eleven invoices, totaling \$136,245, were for gifts and other giveaways. Gifts included items such as leather carryon bags, leather briefcases, athletic bags, airfare, and Guy Harvey Artwork. However, many invoices were not itemized, making it unclear what was ordered and what the business purpose was. A sample invoice is provided in Appendix B, Exhibit 3. Below are three pictures evidencing where the invoices were not itemized:

Picture 1:

| QUANTITY | DESCRIPTION | UNIT PRICE | TOTAL |
|----------|-------------------------------------------------|------------|--------|
| 1 | GFLCVB Swatch Beach Volleyball beach activation | 20,000 | 20,000 |
| 75 | Atlantic Coast Conference VIP gifts | 100.00 | 7,500 |

Picture 2:

| QUANTITY | DESCRIPTION | UNIT PRICE | TOTAL |
|----------|---------------------------------------------|------------|-----------|
| 3,000 | GFLCVBBCSHOF promotional bottle koozies | 4.00 | 12,000.00 |
| 500 | NASCAR Awards and Business Summit VIP gifts | 10.00 | 5,000.00 |

Picture 3:

TO:
GFLCVB
Attention: Saskia Fisher
100 East Broward Blvd.
Suite 200
Fort Lauderdale, FL 33301
P 954-767-2455

SHIP TO:
SAINTS-ENTERPRISES
1000 River Reach Drive
Fort Lauderdale, FL 33315
Attention: Santos Villarreal
P 512-417-2872

| SALES REP. | P.O. NUMBER | SHIP DATE | SHIP VIA | FOB | TERMS |
|------------|-------------|-----------|---------------|-----|-------------|
| SE | 3197540 | 5/20/15 | FREIGHT TRUCK | | Net 15 days |

| QUANTITY | DESCRIPTION | UNIT PRICE | TOTAL |
|----------|------------------------------------------------------------|------------|-----------|
| 200 | VIP and Sponsors client hospitality for Global Rally Cross | 7.000 | 7,000.00 |
| 500 | NHL Draft custom bottle koozies for NHL media reception | 4.50 | 3,050.00 |
| 150 | NHL Owner's/President and NHL Travel Director gifts | 100.00 | 15,000.00 |
| 150 | Room Deliveries to NHL Executives | 10.00 | 1,500.00 |
| | | | |
| 1 | Storage Unit and Transfers for NHL | 1500.00 | 1,250.00 |
| | Shipping and Handling | 700.00 | 700.00 |
| TOTAL | | | 28,500.00 |
| TOTAL | | | 28,500.00 |

- 3) An invoice for \$10,000 was for an NFL On Location package for the 2018 Super Bowl in Minneapolis. Three other tickets and one hotel room were also purchased through two different vendors costing an additional \$21,000. The Super Bowl expenditures are further discussed in Opportunity for Improvement No. 4. There was no clear business purpose for this expense and no supporting documentation was provided to support the expenses

incurred. No attendance list was maintained. The below picture shows the purchase description. A complete invoice is provided in Appendix B, Exhibit 4.

| SALES REP | SHIP DATE/SHIP VIA | INVOICE # | TERMS |
|-----------|-------------------------------------------------------------------------------------------------------------|------------|-------------|
| SE | | 3197537 | NET 15 |
| QUANTITY | DESCRIPTION | UNIT PRICE | TOTAL |
| 1 | NFL ON LOCATION PACKAGE FOR CLIENT EVENT DURING SUPER BOWL LII-PRE GAME HOSPITALITY AND HOTEL ACCOMODATIONS | 10,000.00 | \$10,000.00 |

We question the propriety of this expenditure.

- 4) Several invoices appeared suspicious and contained errors such as the miscalculation of total amounts charged, unmatched purchase order or invoice numbers, and spelling, quantity, and unit price errors. In some instances, the invoice template used was not consistent. A complete invoice is provided in Appendix B, Exhibit 5. Below are 2 pictures of invoices showing example errors:

Picture 1 – Quantity and Unit Price Errors

| QUANTITY | DESCRIPTION | UNIT PRICE | TOTAL |
|----------|------------------------------------------------------|------------|-----------|
| 6,0150 | GFLCVB Sports Marketing Neoprent Multi Color Koozies | 4.00 | 24,600.00 |
| 1 | ESPN X Games Yacht Charter | 5,200 | 5,200.00 |

Picture 2 – P.O. Number does not match and calculation error.

P.O.: 3197541
5/28/2015

FROM:
SAINTS-ENTERPRISES
1000 River Reach Drive
#501
Fort Lauderdale, FL, 33315
P 512-417-2872

TO:
GFLCVB
Attention: Saskia Fisher
100 East Broward Blvd
Suite 200
Fort Lauderdale, FL 33301
P 954-767-2455

SHIP TO:
SAINTS-ENTERPRISES
1000 River Reach Drive
Fort Lauderdale, FL 33315
Attention: Santos Villarreal
P 512-417-2872

Quantity: 500
X Unit Price: 4.50 = \$2,250
- Invoice: \$3,050
Difference = \$800

| SALES REP. | P.O. NUMBER | SHIP DATE | SHIP VIA | FOB | TERMS |
|------------|-------------|-----------|---------------|-----|-------------|
| SE | 3197540 | 5/20/15 | FREIGHT TRUCK | | Net 15 days |

| QUANTITY | DESCRIPTION | UNIT PRICE | TOTAL |
|--------------|------------------------------------------------------------|------------|------------------|
| 200 | VIP and Sponsors client hospitality for Global Rally Cross | 7.000 | 7,000.00 |
| 500 | NHL Draft custom bottle koozies for NHLmedia reception | 4.50 | 3,050.00 |
| 150 | NHL Owner's/President and NHL Travel Director gifts | 100.00 | 15,000.00 |
| 150 | Room Deliveries to NHL Executives | 10.00 | 1,500.00 |
| 1 | Storage Unit and Transfers for NHL | 1500.00 | 1,250.00 |
| | Shipping and Handling | 700.00 | 700.00 |
| TOTAL | | | 28,500.00 |
| TOTAL | | | 28,500.00 |

- 5) We requested the CVB Vice President provide us with documentation to support that the products and services purchased were received by the CVB and that the pricing was reasonable. The documentation requested was not received. The lack of supporting documentation leads to question whether the goods and services were valid and appropriate.

County policy requires that transactions are thoroughly reviewed to ensure expenses are valid and properly supported. In addition, management has a responsibility to ensure prices are fair and reasonable.

The internal control weaknesses identified in Opportunity for Improvement No. 1 were a significant cause of the inappropriate and questionable payments noted in this report. Further, the inconsistencies and errors noted on the invoices and the lack of supporting documentation leads to question the legitimacy of the invoices paid.

Immediately upon notification, the President of the CVB acted quickly and the CVB Vice President resigned, effective September 12, 2019.

We recommend management:

- A. Ensure that employees are compliant with outside employment requirements and prohibit employees from purchasing goods and services from affiliated companies.
- B. Cooperate with law enforcement and consult with the County Attorney's Office as to potential recoveries.

3. Potentially Inappropriate Vendor Relationships may Have Facilitated Questionable Transactions.

During our audit, we identified four questionable transactions involving Scientific Games (a.k.a. MDI Scientific Games Properties, MDI Entertainment, LLC, and Scientific Games International, Inc.) and Intercoastal Marketing, LLC., totaling \$67,098. We reviewed all four invoices paid, which are provided in Appendix C, Exhibit 1. Table 3 below shows a summary of the invoices:

Table 3

| Name | Invoice Date | Amount |
|------------------------|---------------------|-----------------|
| Scientific Games | 7/27/2015 | \$7,500 |
| Scientific Games | 3/9/2017 | \$16,490 |
| Intercoastal Marketing | 12/6/2016 | \$20,888 |
| Intercoastal Marketing | 7/6/2017 | \$22,220 |
| Total | | \$67,098 |

Source: Prepared by the Office of the County Auditor based on review of invoices provided.

Our review of the invoices noted the following concerns:

1. We contacted Scientific Games to obtain verification of the two invoices paid. We spoke with their accounting department, who verbally confirmed the invoices did not appear to exist in their system.
2. During our interview of the CVB Vice President, she admitted to using her company, Saints Enterprises, to sell backpacks to Scientific Games, then purchased those same backpacks from Scientific Games for the CVB.
3. We identified email correspondence between the County and Saints Enterprises where the formatting of an Intercoastal Marketing invoice was altered. The invoice was emailed from Saints Enterprises to the CVB Vice President's email, altered, and emailed back to Saints Enterprises from the CVB email the next day. These actions lead us to question if the invoice was created or altered by the CVB Vice President. The pictures below show the emails to and from the CVB and Saints Enterprises accounts. The two versions of this invoice are included in Appendix C, Exhibit 2.

Email from Saints Enterprises to CVB Vice President:

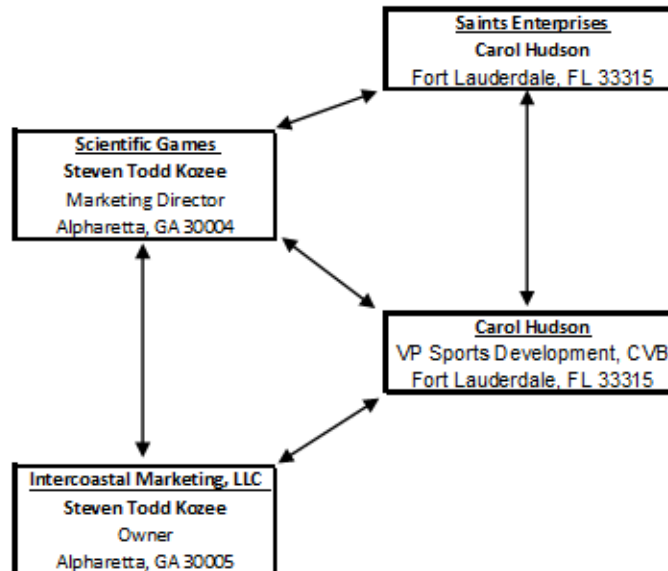
| | |
|---------------------|---------------------------------|
| From: | saints@saintsenterprises.com |
| Sent: | Sunday, July 23, 2017 11:36 PM |
| To: | Hudson, Carol |
| Attachments: | INTERCOASTAL MARKETING LLC.docx |

Email from CVB Vice President to Saints Enterprises:

| | |
|---------------------|---------------------------------|
| From: | Hudson, Carol |
| Sent: | Monday, July 24, 2017 9:25 AM |
| To: | 'saintsenterprises@aol.com' |
| Subject: | INTERCOASTAL MARKETING LLC |
| Attachments: | INTERCOASTAL MARKETING LLC.docx |

4. Intercoastal Marketing was a registered company on Sunbiz, effective November 28, 2016, and dissolved on September 22, 2017, which is a short timeframe and closely surrounds the dates of the invoices submitted for payment.
5. The products and services billed by Intercoastal Marketing have primarily only been provided by Saints Enterprises. These include the Winterfest Boat Parade, gifts, and koozies. Also, CVB management believed that koozies were a sole sourced item that only Saints Enterprises could provide.

The Director of Marketing for Scientific Games is also the owner of Intercoastal Marketing. There appears to be a potentially inappropriate relationship between this individual and the CVB Vice President. The picture below illustrates the transactional relationships:



During our audit, we noted email correspondence sharing personal events and a travel itinerary. In addition, during an interview, the CVB Vice President described their relationship as personal and professional.

While having professional relationships with vendors is not unusual, these relationships when combined with the questionable transactions noted above, are cause for significant concern. The Broward County Administrative Code (21.53), requires free and open competition among all vendors. This process prevents conflicts of interest, provides for fairness and transparency in the vendor selection process, and reduces the risk of inappropriate transactions.

We recommend management comply with the County Administrative Code requiring fair and open competition among all vendors.

4. Questionable Costs Were Incurred Totaling Approximately \$588,271.

We identified expenses where we question the necessity, justification, and public purpose of the activities and related costs such as yacht charters, sporting and concert event tickets, and charitable contributions. These expenses did not have a documented public purpose and the invoices lacked itemization, attendance records, and evidence of review and approval. Table 4 below summarizes the questionable costs identified:

Table 4

| Name/Type of Expense | Amount | Reference |
|-----------------------------|------------------|------------------|
| Yacht Charters | \$287,930 | Appendix D |
| Super Bowl | \$144,005 | Appendix E |
| Miami Dolphins | \$88,131 | Appendix F |
| Here's Help, Inc. | \$37,800 | Table 5 |
| Orange Bowl | \$15,885 | Table 6 |
| Tortuga Music Festival | \$14,520 | Table 7 |
| Total | \$588,271 | |

Source: Prepared by the County Auditors Office based on review of invoices provided.

- Yacht charters, per management, are utilized to entertain clients that have brought their sporting events to the County or to promote the destination for potential future clients. Expenses include fuel, staffing, boat docking fees, food, and beverages. Alcoholic beverages are typically included as well. Appendix D provides a complete list of yacht charter expenses.
- Super Bowl expenses, pursuant to management, were primarily for maintaining current client relationships. Of the total expense, \$91,417 was spent for tickets to three Super Bowls located in New York, Houston, and Minneapolis. Appendix E provides a complete list of expenses. We question the necessity and reasonableness of using public funds to send potential clients and staff to Super Bowls that are out of the area, unless there are specific circumstances justifying such. We were not informed of any such circumstances.
- Miami Dolphins tickets are also used for entertaining current and future clients. Pursuant to management, the Office purchases four season tickets each year. Of the total \$88,131 expense, \$76,304 was spent for tickets and parking from 2011 through 2018. Appendix F provides a complete list of expenses. We were provided no documentation justifying these expenditures. We question the reasonableness and necessity of these disbursements.
- Here's Help is a not-for-profit organization that provides residential and outpatient substance abuse treatment programs in Miami-Dade County. Pursuant to management, these expenses represent support for the charity's events.

Table 5 below provides a summary of the invoices:

Table 5

| Vendor Name | Date | Amount |
|-----------------|-----------|-----------------|
| Here's Help Inc | 9/8/2011 | \$3,000 |
| Here's Help Inc | 9/28/2012 | \$3,000 |
| Here's Help Inc | 9/6/2013 | \$3,500 |
| Here's Help Inc | 3/31/2014 | \$1,000 |
| Here's Help Inc | 8/26/2014 | \$3,500 |
| Here's Help Inc | 4/27/2015 | \$1,100 |
| Here's Help Inc | 9/30/2015 | \$3,500 |
| Here's Help Inc | 3/23/2016 | \$1,500 |
| Here's Help Inc | 8/17/2016 | \$3,500 |
| Here's Help Inc | 5/9/2017 | \$1,100 |
| Here's Help Inc | 9/1/2017 | \$3,500 |
| Here's Help Inc | 10/5/2017 | \$3,500 |
| Here's Help Inc | 3/20/2018 | \$1,100 |
| Here's Help Inc | 9/28/2018 | \$5,000 |
| Total | | \$37,800 |

Source: Prepared by the Office of the County Auditor based on review of invoices provided.

We question the reasonableness and necessity of these payments to a non-Broward County organization.

- Orange Bowl expenses were primarily for tickets or a food and wine festival event, which were also used to entertain clients. Table 6 below provides a summary of the invoices:

Table 6

| Name | Date | Amount |
|--------------|------------|-----------------|
| Orange Bowl | 12/11/2013 | \$2,760 |
| Orange Bowl | 12/3/2014 | \$3,145 |
| Orange Bowl | 1/5/2015 | \$1,375 |
| Orange Bowl | 5/11/2015 | \$3,200 |
| Orange Bowl | 4/27/2016 | \$1,200 |
| Orange Bowl | 4/25/2017 | \$1,350 |
| Orange Bowl | 12/8/2017 | \$1,505 |
| Orange Bowl | 2/28/2018 | \$1,350 |
| Total | | \$15,885 |

Source: Prepared by the Office of the County Auditor based on review of invoices provided.

We found no documentation to justify the reasonableness and necessity of these payments.

- Tortuga Music Festival (also known as Huka Entertainment) expenses were used for tickets to the festival for the purpose of entertaining clients. Table 7 below provides a summary of the invoices:

Table 7

| Name | Date | Amount |
|------------------------------|-------------|-----------------|
| Tortuga - Huka Entertainment | 4/9/2013 | \$4,000 |
| Tortuga - Music Festival | 3/25/2014 | \$10,520 |
| Total | | \$14,520 |

Source: Prepared by the Office of the County Auditor based on review of invoices provided.

We found no documentation to justify the reasonableness and necessity of these payments.

Questionable costs are defined as costs or financial obligations incurred pursuant to an alleged violation of law, regulation, contract, grant, or policy and procedures; costs or financial obligations not supported by adequate documentation; and/or the expenditure of funds where the intended purpose is unnecessary or unreasonable or there is no public purpose. Also, consideration should be given to the perception of the use of public funds for these activities.

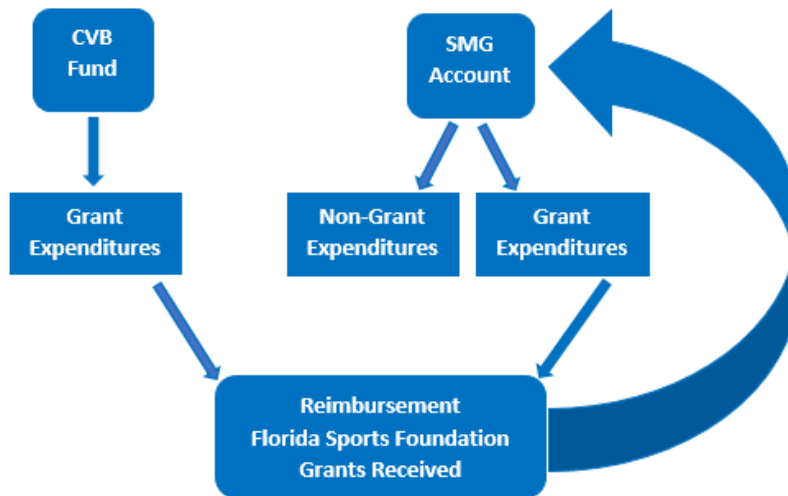
The lack of oversight and invoice review has allowed significant expenses to be paid by the County for questionable activities with little to no justification. Events should be supported by a business purpose, a cost/benefit analysis, and be approved prior to the expenses being incurred. A list of all attendees to events should be maintained along with specific justification as to why sponsoring each attendee serves a valid public purpose. In addition, if actual invoices had been reviewed and approved rather than check request letters, these questionable expenses may have been identified, which would have prevented additional expenses, as well as require documentation to support the business purpose and cost/benefit analysis, and/or require supporting documentation to ensure purchases were valid.

We recommend management evaluate the business need and adequately document the public purpose for entertainment expenditures. Document attendees and specific justification for attendance.

5. Grant Reimbursements Were Diverted to the Account Facilitating the Expenditures of Public Funds Without Oversight.

Grant and non-grant transactions were co-mingled within the Account and it appears that grant reimbursements were deposited into the account for use in non-grant expenditures. The Account was primarily funded by reimbursements from Florida Sports Foundation grants. However, the original expenses that were being reimbursed were not all made from the Account.

Some of the original expenses were paid from CVB's operating fund. This effectively diverted CVB Operating funds into the Account. The chart below depicts the process:



The diversion of CVB Operating funds into the Account made the funds available for use without adequate oversight, thus circumventing normal procurement processes and controls. Furthermore, this co-mingling of grant and non-grant funding and expenditures and lack of clear distinguishment between the two categories limits the ability to determine compliance with the grant funds. Therefore, we were unable to determine that the expenses from the Account were for specific grant related events.

County policy requires grant funds to be segregated. Additionally, management has a fiduciary responsibility to manage operations in an efficient and effective manner, with adequate controls to help ensure public resources are used appropriately and wisely. While we did not audit the grant agreements, the Florida Sports Foundation Grant Policies and Procedures specify that certain expenses are disallowable such as general and administrative expenses, debts incurred prior to the grant, hospitality and social functions, and travel expenses.

The lack of internal controls in conjunction with the use of the Account allowed the CVB to circumvent the County's procurement process and use public funds without adequate oversight facilitating the issues noted above in Opportunities for Improvement No.'s 2 through 4.

We recommend management properly segregate and account for grant expenditures and reimbursements in accordance with County policy.

Appendix A: Check Request Letters

The two letters below represent copies of the check request letters, which were used to approve payments in lieu of invoices. (See Opportunity for Improvement No. 1)



GREATER FORT LAUDERDALE

hello sunny

Date: February 14, 2018

To: David Beckford, BCCC
From: Stacy Ritter, GFLCVB 

Please deposit attached check for \$5000.00 and make out checks for the following from our Florida Sports Foundation account:

- Miami Dolphins - \$2,100.00
- Hilton Fort Lauderdale Marina - \$2,152.00
- Saints-Enterprises-\$10,000.00
- Miami Super Bowl Host Committee-\$3,200.00

Thank you.

Stacy Ritter, President/CEO, GFLCVB

Appendix B: Saints Enterprises

The table below provides a summary of all invoices paid to Saints Enterprises.

| Saints Enterprises | | | | | | | | | | | |
|--------------------|------------|---------------------|--------------|--------------|--------------------|------------------------|--------------------------|------------------------|------------------------|--------------------|-------------------------|
| Invoice Detail | | | | Expense Type | | | | | | | |
| # | Date | Invoice / PO Number | Total Amount | Sponsor Fee | Hospitality Events | Tortuga Parking Passes | Bottle Openers / Koozies | Set Up Fees / Shipping | Yacht / Dinner Cruises | Giveaways / Gifts* | NFL On Location Package |
| 1 | 3/8/2013 | 3197502 | 2,000 | 2,000 | | | | | | | |
| 2 | 9/16/2013 | 3197506 | 4,894 | | | | 4,894 | | | | |
| 3 | 12/16/2013 | 3197508 | 1,200 | | 1,200 | | | | | | |
| 4 | 2/27/2014 | 3197511 / 3197510 | 30,000 | | | | 28,928 | 1,072 | | | |
| 5 | 5/30/2014 | 3197514 / 3197515 | 24,650 | | | | | 750 | | 23,900 | |
| 6 | 7/22/2014 | 3197522 | 5,030 | | | | 4,608 | 422 | | | |
| 7 | 8/26/2014 | 3197523 | 18,500 | | 5,000 | | | | 5,500 | 8,000 | |
| 8 | 12/12/2014 | 3197528 | 12,800 | | 2,500 | | | | 3,800 | 6,500 | |
| 9 | 3/17/2015 | 3197533 | 26,250 | | | | 5,000 | | | 21,250 | |
| 10 | 4/22/2015 | 3197539 | 24,112 | | | | 23,040 | 1,072 | | | |
| 11 | 5/28/2015 | 3197541 / 3197540 | 28,500 | | 7,000 | | 3,050 | 700 | | 17,750 | |
| 12 | 7/28/2015 | 3197545 | 16,500 | | 10,000 | | 6,500 | | | | |
| 13 | 10/12/2015 | 3197549 | 17,400 | | | | 12,000 | 400 | | 5,000 | |
| 14 | 12/12/2015 | 3197562 | 7,500 | | 1,500 | | | | | 6,000 | |
| 15 | 5/12/2016 | 3197585 / 3197562 | 29,800 | | | | 24,600 | | 5,200 | | |
| 16 | 6/24/2016 | 3197589 | 4,000 | | | | 4,000 | | | | |
| 17 | 8/12/2016 | 3197597 | 12,536 | | | | 12,500 | 36 | | | |
| 18 | 2/24/2017 | 31975119 | 27,500 | | 20,000 | | | | | 7,500 | |
| 19 | 5/4/2017 | 31975125 | 23,082 | | | 1,050 | 22,032 | | | | |
| 20 | 7/19/2017 | 31975125 | 53,343 | | 16,295 | | | 3,388 | | 33,660 | |
| 21 | 9/28/2017 | 31975135 / 3197536 | 12,885 | | | | 10,200 | | | 2,685 | |
| 22 | 12/13/2017 | 31975137 | 1,600 | | 1,600 | | | | | | |
| 23 | 2/12/2018 | 31975137 / 3197537 | 10,000 | | | | | | | | 10,000 |
| 24 | 3/14/2017 | 31975138 / 3197538 | 4,100 | | | | | 100 | | 4,000 | |
| 25 | 4/19/2018 | 31975140 | 20,350 | | | | 20,000 | 350 | | | |
| 26 | 8/17/2018 | 319744 / 3197544 | 1,000 | | | | 1,000 | | | | |
| Total | | | \$ 419,532 | \$ 2,000 | \$ 65,095 | \$ 1,050 | \$ 182,352 | \$ 8,290 | \$ 14,500 | \$ 136,245 | \$ 10,000 |

* Includes VIP Gifts, Leather Carry On Bags/Briefcases, Luggage Tags, Guy Harvey Art Work, Name Badges, Phone Chargers, Athletic Bags, Awards, and Airfare. Note: This list includes some items which were detailed on the invoices. Not all invoices were itemized.

Appendix B, Exhibit 1: Saints Enterprises and V.P. Timeline

The timeline below presents the history of Saints Enterprises as well as activities of the CVB Vice President. County related activities are also included.

| Saints Enterprises and VP Sports Development, CVB, Timeline | |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Date | Activity |
| 8/30/2012 | VP Sports Development, CVB, and Santos Villarreal became registered domestic partners |
| 3/8/2013 | Saints Enterprises (SE) Invoice - Marketing/Sponsorship Fee - \$2,000 |
| 3/11/2013 | Saints-Enterprises Established, Santos Villarreal Owner (per Sunbiz, fictitious name search) |
| 9/16/2013 | SE Invoice - Sponsorship Gift - \$4,894 |
| 12/11/2013 | VP - Wage Garnishment |
| 12/16/2013 | SE Invoice - Boat Parade Event - \$1,200 |
| 1/22/2014 | VP - Foreclosure Cancelled |
| 2/27/2014 | SE Invoice - Bottle Openers/Koozies/Shipping/Setup Fee - \$30,000 |
| 5/30/2014 | SE Invoice - Leather Carry On Bags/Briefcases, Luggage Tags, Guy Harvey Art Work, Shipping - \$24,650 |
| 7/22/2014 | SE Invoice - Bottle Openers/Koozies/Shipping/Setup Fee - \$5,030 |
| 8/26/2014 | SE Invoice - Yacht Dinner Cruise, Room Deliveries, VIP Gifts, Hospitality Suite, Storage Unit - \$18,500 |
| 12/12/2014 | SE Invoice - Yacht Dinner Cruise, VIP Holiday Gifts, Orange Bowl Tailgate - \$12,800 |
| 3/17/2015 | SE Invoice - VIP Luggage Bags, Logo Name Badges, Koozies - \$26,250 |
| 4/22/2015 | SE Invoice - Bottle Openers/Koozies/Shipping/Setup Fee - \$24,112 |
| 5/28/2015 | SE Invoice - Boat Parade Event/Hospitality, Koozies, Shipping, Room Deliveries, Gifts, Storage Unit - \$28,500 |
| 7/28/2015 | SE Invoice - Volleyball Closing Night Event, Koozies - \$16,500 |
| 10/12/2015 | SE Invoice - Koozies, Shipping, VIP Gifts - \$17,400 |
| 12/12/2015 | SE Invoice - Winterfest Event, VIP Athletic Bag Gifts - \$7,500 |
| 5/12/2016 | SE Invoice - Koozies (\$24,600), Yacht Dinner Cruise (\$5,200) - \$29,800 |
| 6/24/2016 | Stacy Ritter, President of CVB, replaced Nicki Grossman. First check request letter approved for payment by Ms. Ritter was 6/24/16. |
| 6/24/2016 | SE Invoice - Koozies - \$4,000 |
| 8/12/2016 | SE Invoice - Koozies - \$12,536 |
| 8/12/2016 | Last invoice where the check received was signed by Santos Villarreal. All subsequent checks were signed using a stamp. |
| 10/3/2016 | Santos Villarreal passed away |
| 10/19/2016 | VP filed to be Administrator of Santos Villarreal's estate. |
| 11/10/2016 | Saints-Enterprises, LLC, established, VP as owner (Per Sunbiz, fictitious name search) |
| 11/23/2016 | Saints-Enterprises II, LLC, established, VP as registered agent (Per Sunbiz, Company search) |
| 2/24/2017 | SE Invoice - Volleyball Activation Fee, Gifts - \$27,500 |
| 3/14/2017 | SE Invoice - Destination Giveaway - \$4,100 |
| 5/4/2017 | SE Invoice - Koozies, Tortuga Parking Passes - \$23,082 |
| 7/19/2017 | SE Invoice - Event/Hospitality, Cell Phone Chargers, Shipping - \$53,343.14 |
| 9/28/2017 | SE Invoice - Koozies, Round Trip Air Fare Contest Winners - \$12,885 |
| 12/13/2017 | SE Invoice - Boat Parade Event - \$1,600 |
| 2/12/2018 | SE Invoice - NFL Package - \$10,000 |
| 4/19/2018 | SE Invoice - Koozies, Shipping - \$20,350 |
| 8/17/2018 | SE Invoice - Koozies - \$1,000 |
| 6/12/2019 | VP - Signed Broward County Outside Employment Form (For Saints Enterprises) |
| 9/12/2019 | VP - Released from Broward County Employment |
| Total Invoices Paid to Saints Enterprises: \$419,532.14 | |

Appendix B, Exhibit 2: Bottle Opener Koozies

The invoice below represents an invoice for bottle opener koozies and the shipping and set up fee, as discussed in Opportunity for Improvement No. 2.

INVOICE: 3197539
APRIL 22, 2015

FROM:
SAINTS-ENTERPRISES
 1000 River Reach Drive
 Fort Lauderdale, FL 33315
 P 512-417-2872
 saintsenterprises@aol.com

SHIP TO:
SAINTS-ENTERPRISES
 1000 River Reach Drive
 Fort Lauderdale, FL 33315
 P 512-417-2872
 saintsenterprises@aol.com

TO:
GFLCVB
 Attention: Saska Fisher
 101 NE Third Avenue.
 Suite 100
 Fort Lauderdale, FL 33301
 P 954-767-2455

| SALES REP. | P.O. NUMBER | SHIP DATE | SHIP VIA | TERMS | |
|--------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------|----------|-------------|------------------|
| SV | 3197539 | 5/15/15 | FEDEX | NET 21 DAYS | |
| QUANTITY | DESCRIPTION | | | UNIT PRICE | TOTAL |
| 1,920 | Product | ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE- NAUTILUX-PINK (N) GREATER FORT LAUDERDALE/HELLO SUNNY.ORG LOGO YELLOW/PINK NEW IMPRINT | | 4.00 | 7,680.00 |
| 1,920 | Product | ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE- NAUTILUX-NAVY (N) GREATER FORT LAUDERDALE/HELLO SUNNY.ORG LOGO YELLOW/ORANGE IMPRINT | | 4.00 | 7,680.00 |
| 1,920 | Product | ZIP-UP BOTTLE NEOPRENE W/OPENER KOOZIE- CAMO (N) GREATER FORT LAUDERDALE/HELLO SUNNY.ORG LOGO YELLOW/ORANGE IMPRINT | | 4.00 | 7,680.00 |
| | Expense | ONE TIME SET UP FEE and FREIGHT VIA FED EX | | 1072.00 | 1,072.00 |
| TOTAL AMOUNT DUE: | | | | | 24,112.00 |


Make all checks payable to **SAINTS-ENTERPRISES**
THANK YOU FOR YOUR BUSINESS!

Appendix B, Exhibit 3: Non-Itemized Invoice

As discussed in Opportunity for Improvement No. 2, below is a sample invoice where charges were not detailed.

TO:
GFLCVB
 Attention: Saskia Fisher
 101 NE 3rd Avenue Broward
 Suite 100
 Fort Lauderdale, FL 33301
 P 954-767-2486

RECEIVED 3/2/2017
 APPROVED _____
 PAID _____
 CHECK # _____
 G/L # 23050 18

P.O.: 31975119
 02/24/2017


FROM:
SAINTS-ENTERPRISES
 1000 River Reach Drive
 Fort Lauderdale, FL, 33315
 P 512-417-2872

POSTED
 MAR 21 2017
033362
 TRANS. NO 226420

| SALES REP. | P.O. NUMBER | SHIP DATE | SHIP VIA | FOB | TERMS |
|------------|-------------|-----------|----------|-----|--------|
| SE | 31975119 | | TBD | | Net 15 |

| QUANTITY | DESCRIPTION | UNIT PRICE | TOTAL |
|--------------|-------------------------------------------------|------------|-----------------|
| 1 | GFLCVB Swatch Beach Volleyball beach activation | 20,000 | 20,000 |
| 75 | Atlantic Coast Conference VIP gifts | 100.00 | 7,500 |
| | | | |
| | | | |
| | | | |
| SUB-TOTAL | | | 27,500 |
| TOTAL | | | \$27,500 |

PAID
 MAR 02 2017
 BY: 033363

Appendix B, Exhibit 4: NFL on Location

The invoice below represents the NFL on Location package purchased for the Minnesota Super Bowl, as discussed in Opportunity for Improvement No. 2.

| | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|
| INVOICE: 31975137 2/12/2018 | | | |
| TO: GREATER FORT LAUDERDALE CVB ATTENTION: SASKIA FISHER 101 NE 3RD AVENUE, SUITE 100 FORT LAUDERDALE, FL 33301 | | | |
| FROM: SAINTS-ENTERPRISES 1000 River Reach Drive Fort Lauderdale, FL 33315 P 512-417-2872 | | | |
| SALES REP | SHIP DATE/SHIP VIA | INVOICE # | TERMS |
| SE | | 3197537 | NET 15 |
| QUANTITY | DESCRIPTION | UNIT PRICE | TOTAL |
| 1 | NFL ON LOCATION PACKAGE FOR CLIENT EVENT DURING SUPER BOWL LII-PRE GAME HOSPITALITY AND HOTEL ACCOMODATIONS | 10,000.00 | \$10,000.00 |
| TOTAL DUE | | | \$10,000.00 |
| Thank you for your business! SAINTS-ENTERPRISES | | | |

Appendix B, Exhibit 5: Invoice Errors and Inconsistencies

The below invoice evidences the errors and inconsistencies noted, as discussed in Opportunity for Improvement No. 2.

FROM:
SAINTS-ENTERPRISES
1000 River Reach Drive
#501
Fort Lauderdale, FL
P 512-417-2872

TO:
GFLCVB
Attention: Saskia Fisher
100 East Broward Blvd.
Suite 200
Fort Lauderdale, FL 33301
P 954-787-2455

SHIP TO:
SAINTS-ENTERPRISES
1000 River Reach Drive
Fort Lauderdale, FL 33315
Attention: Santos Villarreal
P 512-417-2872

P.O.: 3197514
6/30/2014

P.O. Number does not match.

Ship to address is missing Unit #501.

MISSPELLING

| SALES REP. | P.O. NUMBER | SHIP DATE | SHIP VIA | FOB | TERMS |
|------------|-------------|-----------|----------|-----|-------|
| SE | 3197515 | 6/30/2014 | TBD | | |

| QUANTITY | DESCRIPTION | UNIT PRICE | TOTAL |
|----------|--------------------------------------|------------|-----------|
| 100 | Black Leather Wheeled Carry-on Bag | 110.00 | 11,000.00 |
| 100 | Brown Leather Briefcase with Buckles | 90.00 | 9,000.00 |
| 2 | Guy Harvey Art Work | 450.00 | 900.00 |
| 200 | Leather Luggage Tags | 15.00 | 3,000.00 |
| | | | |
| | | | |
| | | | |
| | Shipping and Hadling | 750.00 | 750.00 |
| | TOTAL | | 24,650.00 |

Footer is different than other invoices.


SAINTS-ENTERPRISES
THANK YOU FOR YOUR BUSINESS!

Appendix C: Scientific Games & Intercoastal Marketing

Appendix C, Exhibit 1: Invoices

We identified four transactions, two with Scientific Games and two with Intercoastal Marketing, totaling \$67,098. The invoices are shown below. As discussed in Opportunity for Improvement No. 3, Scientific Games could not confirm the existence of the 2 invoices. Additionally, due to the relationships between Scientific Games, Intercoastal Marketing, and the CVB Vice President, we question the validity of these invoices.

Scientific Games Invoice #1

| | | | |
|----------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------|--------------|
| MDI - Scientific Games Properties 1500 Bluegrass Lakes Parkway Alpharetta, GA 30004 | |  | |
| INVOICE 14686 | | 7.27.2015 | |
| BILL TO | SHIP TO | INSTRUCTIONS | |
| Greater Fort Lauderdale CVB 101 NE 3 rd Avenue, Ste 100 Fort Lauderdale, FL 33301 | Same as recipient | Net 30 | |
| QUANTITY | DESCRIPTION | UNIT PRICE | TOTAL |
| | Margaritaville Sports Destination Preview | 50 VIP Clients | October 2015 |
| | | | \$7,500.00 |
| | | SUBTOTAL | \$7,500.00 |
| | | SALES TAX | exempt |
| | | SHIPPING & HANDLING | NA |
| | | TOTAL DUE BY 7.31.2015 | \$7,500.00 |
| Thank you for your business! | | | |

Scientific Games Invoice #2

| | | | |
|--------------------------------------------------------------------------------------------------------------|---------------|--------------|------------------|
|  SCIENTIFIC GAMES | Invoice No | Invoice Date | Due Date |
| | 800755 | 09-MAR-17 | 08-APR-17 |
| MDI Entertainment, LLC 1500 Bluegrass Lakes Parkway Alpharetta GA 30004 Ph: 770.664.3700 | Payment Terms | Total Amount | Invoice Currency |
| | 30 NET | 16,490.00 | USD |
| Bill To | Ship To | | |
| G FLCVB 101 NE 3rd Avenue, Ste 100 Fort Lauderdale FL 33301 | | | |
| Comments: Gift Items for VIP clients | | | |

| Item Number | Item Description | Qty | Price | Amount |
|-------------|-----------------------------|--------|----------|-----------|
| | BACKPACK - OGIO TYPE RSS | 425.00 | 38.50000 | 16,490.00 |
| | Sub Total | | | 16,490.00 |
| | Tax | | | 0.00 |
| | Total | | | 16,490.00 |
| | Total Quantity | 425.00 | | |

| Remittance Information |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| USD Wire Instructions: Bank: Bank of America Swift: BOFAUS3N Acct name: Scientific Games International, Inc. Acct #: 501017395032 Wire Routing #: 026009593 ACH Routing #: 122400724 |

Intercoastal Marketing Invoice #1

Invoice 11232016 INTERCOASTAL MARKETING LLC

Page 1 of 1

INTERCOASTAL MARKETING LLC
3175 ROCKY BROOK DRIVE
ALPHARETTA GA 30005
p 954.439.1684

INVOICE

GFLCVB
ATTENTION: SASKIA FISCHER
101 NE 3rd Avenue Broward
Suite 100
Fort Lauderdale, FL 33301
P 954.767.2455

Invoice # 11232016
Invoice Date 12/06/2016
Due Date 12/06/2016

| Item | Description | Unit Price | Quantity | Amount |
|-------------|---------------------------------------------------------------|------------|----------|-------------|
| Product | CUSTOM KOOZIE-BOTTLE STYLE -SPORTS PROMOTION | 4.00 | 3000.00 | 12,000.00 |
| Product | EXECUTIVE GIFT- BOARD OF DIRECTORS WORLD BOXING COUNCIL - VIP | 50.00 | 100.00 | 5,000.00 |
| Service | WINTERFEST PARADE PREVIEW | 3500.00 | 1.00 | 3,500.00 |
| Service | SHIPPING/HANDLING | 388.00 | 1.00 | 388.00 |
| Subtotal | | | | 20,888.00 |
| Total | | | | 20,888.00 |
| Amount Paid | | | | 0.00 |
| Balance Due | | | | \$20,888.00 |

<http://www.aynax.com/printInvoice.php>

1/5/2017

Intercoastal Marketing Invoice #2

| | | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------|----------|--|---------------------|------------|--|-----------------|------------|
| <p>INTERCOASTAL MARKETING LLC 3175 ROCKY BROOK DRIVE ALPHARETTA GA 30005 p 954.439.1684</p> | <h1 style="margin: 0;">INVOICE</h1> | | | | | | | | | |
| <p>GFLCVB ATTENTION: SASKIA FISHER 101 NE 3rd Avenue Broward Suite 100 Fort Lauderdale, FL 33301 P 954.767.2455</p> | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%;">Invoice #</td> <td style="width: 20%;">08201960</td> </tr> <tr> <td></td> <td>Invoice Date</td> <td>07/06/2017</td> </tr> <tr> <td></td> <td>Due Date</td> <td>07/27/2017</td> </tr> </table> | | Invoice # | 08201960 | | Invoice Date | 07/06/2017 | | Due Date | 07/27/2017 |
| | Invoice # | 08201960 | | | | | | | | |
| | Invoice Date | 07/06/2017 | | | | | | | | |
| | Due Date | 07/27/2017 | | | | | | | | |

| Item | Description | Unit Price | Quantity | Amount |
|---------|------------------------------------------------------------------|------------------|----------|------------------|
| Product | Custom -Bottle Style Insulators -Sports Promotion | 4.00 | 2000.00 | 8,000.00 |
| Product | NY Mini Chinese Volleyball-Pre Promotion-Hello Sunny Pop Sockets | 5.78 | 2000.00 | 13,160.00 |
| Service | Standard Shipping (bottle insulators) | 409.00 | 1.00 | 409.00 |
| Service | Expedited Shipping & Handling (pop sockets) | 651.00 | 1.00 | 651.00 |
| | | Subtotal | | 22,220.00 |
| | | Total Due | | 22,220.00 |

Appendix C, Exhibit 2: Intercoastal Marketing Questionable Invoices

| | | | | |
|-----------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------------|--|--|
| INTERCOASTAL MARKETING LLC 3175 ROCKY BROOK DRIVE ALPHARETTA GA 30005 p 954.439.1684 | | <h1>INVOICE</h1> | | |
| GFLCVB ATTENTION: SASKIA FISHER 101 NE 3rd Avenue Broward Suite 100 Fort Lauderdale, FL 33301 P 954.767.2455 | | | | |
| | | Invoice # 08201960 Invoice Date 07/06/2017 Due Date 07/27/2017 | | |

| Item | Description | Unit Price | Quantity | Amount |
|------------------|------------------------------------------------------------------|------------|----------|-----------|
| Product | Custom -Bottle Style Insulators -Sports Promotion | 4.00 | 2000.00 | 8,000.00 |
| Product | NY Mini Chinese Volleyball-Pre Promotion-Hello Sunny Pop Sockets | 5.78 | 2000.00 | 13,160.00 |
| Service | Standard Shipping (bottle insulators) | 409.00 | 1.00 | 409.00 |
| Service | Expedited Shipping & Handling (pop sockets) | 651.00 | 1.00 | 651.00 |
| Subtotal | | | | 22,220.00 |
| Total Due | | | | 22,220.00 |

| | | | | | | | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|--|--|--------------|------------|--|--|----------|------------|
| INTERCOASTAL MARKETING LLC 3175 ROCKY BROOK DRIVE ALPHARETTA GA 30005 p 954.439.1684 | | <div style="text-align: right; font-size: 24pt; font-weight: bold;">INVOICE</div> | | | | | | | | | | |
| GFLCVB ATTENTION: SASKIA FISHER 101 NE 3rd Avenue Broward Suite 100 Fort Lauderdale, FL 33301 P 954.767.2455 | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | <table border="1"> <tr> <td>Invoice #</td> <td>08201960</td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td>Invoice Date</td> <td>07/06/2017</td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td>Due Date</td> <td>07/27/2017</td> </tr> </table> | Invoice # | 08201960 | | | Invoice Date | 07/06/2017 | | | Due Date | 07/27/2017 |
| Invoice # | 08201960 | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Invoice Date | 07/06/2017 | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Due Date | 07/27/2017 | | | | | | | | | | | |
| | | | | | | | | | | | | |

| Item | Description | Unit Price | Quantity | Amount |
|-----------|------------------------------------------------------------------|------------|----------|-----------|
| Product | Custom -Bottle Style Insulators -Sports Promotion | 4.00 | 2000.00 | 8,000.00 |
| Product | NY Mini Chinese Volleyball-Pre Promotion-Hello Sunny Pop Sockets | 5.78 | 2000.00 | 13,160.00 |
| Service | Standard Shipping (bottle insulators) | 409.00 | 1.00 | 409.00 |
| Service | Expedited Shipping & Handling (pop sockets) | 651.00 | 1.00 | 651.00 |
| | | | | |
| Subtotal | | | | 22,220.00 |
| Total Due | | | | 22,220.00 |

As discussed in Opportunity for Improvement No. 4, below is a summary of all yacht charter expenses for our audit period.

| Yacht Charters | | | | | | | | |
|----------------|-------------------|-------------------|-----------------------------|-------------------|-------------------------|--------------------------------|-------------------------------|-------------------------------------------------------------------------------------------|
| Invoice Detail | | Expense Type | | | | | | Invoice Description |
| Invoice Date | Total Amount | Rental Expense | Alcoholic Beverages Expense | Catering Expense* | Non-Itemized Invoices** | Professional Courtesy Discount | Prepayment Credits on Invoice | |
| 1 7/20/2016 | 23,910 | 10,435 | | 19,975 | | (6,500) | | 3 hour Dinner Buffet at the Hilton Fort Lauderdale Marina |
| 2 6/21/2016 | 17,550 | 7,850 | 1,875 | 11,175 | | (3,350) | | 3 hour Cocktail reception at the Bahia Mar Yachting Center |
| 3 1/6/2016 | 10,000 | | | | 10,000 | | | Cocktail Reception/Dinner for Major League Soccer Combine Coaches |
| 4 7/6/2015 | 6,000 | 6,000 | | | | | | Yacht Charter fee for reception event for AAU Taekwondo |
| 5 5/20/2015 | 6,501 | 8,024 | 1,155 | 3,025 | | (5,703) | | 2 hour Dinner Buffet at the Bahia Mar Yachting Center |
| 6 10/24/2014 | 5,000 | 3,610 | 750 | 1,650 | | (1,010) | | 3 hour Cocktail reception at the Blue Moon Fish Company |
| 7 10/21/2014 | 20,000 | 9,240 | 5,000 | 11,000 | | (5,240) | | 3 hour Dinner/Cocktail reception at the Blue Moon Fish Company |
| 8 5/30/2017 | 10,665 | 8,365 | 1,000 | 12,250 | | (10,950) | | 3 hour cocktail reception at the Hyatt Regency Pier 66 |
| 9 8/14/2014 | 8,651 | 12,590 | 5,000 | 25,001 | | (20,940) | (13,000) | 3 hour Dinner/Cocktail reception at the Bahia Mar Yachting Center |
| 10 7/17/2014 | 13,000 | | | | 13,000 | | | Reception event for USA Judo |
| 11 6/19/2014 | 6,000 | 6,000 | | | | | | Reception event for AAU Taekwondo |
| 12 1/16/2014 | 14,986 | | | | 14,986 | | | Cocktail Reception/Dinner for International Judo Federation |
| 13 9/6/2013 | 3,682 | 3,502 | 375 | 825 | | (1,020) | | 3 hour Cocktail reception at the Riverside Hotel |
| 14 7/23/2013 | 15,000 | 9,760 | 5,600 | 11,000 | | (11,360) | | 4 hour Cocktail/Dinner reception at the Bahia Mar Yachting Center |
| 15 6/22/2012 | 3,000 | 3,000 | | | | | | Reception event for AAU Taekwondo |
| 16 2/28/2012 | 8,000 | | | | 8,000 | | | Cocktail Reception/Dinner for USA Volleyball Regional Summit |
| 17 11/29/2011 | 7,500 | | | | 7,500 | | | Cocktail Reception/Dinner for NASC 2014 Conference Bid |
| 18 8/16/2010 | 12,084 | 4,385 | | 7,699 | | | | 2 hour cocktail reception at the Hyatt Regency Pier 66 |
| 19 6/23/2010 | 3,000 | 3,000 | | | | | | Reception event for AAU Taekwondo |
| 20 5/26/2010 | 2,750 | | | | 2,750 | | | 2 hour Dinner/Cocktail reception at the Blue Moon Fish Company |
| 21 1/27/2010 | 3,120 | | | | 3,120 | | | Yacht Charter to Superbowl XLIV game including Food and Beverages |
| 22 11/11/2009 | 3,500 | | | | 3,500 | | | Cocktail Reception/Dinner for National Athletic Directors Conference at Nova Southeastern |
| 23 10/1/2009 | 11,570 | | | | 11,570 | | | 2 hour Dinner/Cocktail reception event for USA Wrestling Executive Committee |
| 24 11/1/2018 | 4,500 | | | 4,500 | | | | 3 hour Yacht rental for Mindful Music Festival |
| 25 7/14/2017 | 26,418 | 11,078 | | 21,840 | | (6,500) | | 3 hour Dinner Buffet at the Hilton Fort Lauderdale Marina |
| 26 2/10/2014 | 6,143 | 4,443 | 1,950 | 2,500 | | | (2,750) | Dockage at Gallery One/Doubletree, Top Shelf Bar, Custom Menu |
| 27 3/13/2018 | 1,750 | | | | 1,750 | | | Boat Outing, Fishing Yacht |
| 28 4/21/2015 | 3,950 | | | | 3,950 | | | Tortuga Fest Sports FAM, 3 days, docked at Bahia Mar, including food and beverages |
| 29 4/20/2016 | 11,700 | | | | 11,700 | | | Tortuga Fest Sports FAM, 3 days, docked at Bahia Mar, including food and beverages |
| 30 5/5/2017 | 9,000 | | | | 9,000 | | | Tortuga Fest Sports FAM, 3 days, docked at Bahia Mar, including food and beverages |
| 31 4/23/2018 | 9,000 | | | | 9,000 | | | Tortuga Fest Sports FAM, 3 days, docked at Bahia Mar, including food and beverages |
| Total | \$ 287,930 | \$ 111,282 | \$ 22,705 | \$ 132,440 | \$ 109,826 | \$ (72,573) | \$ (15,750) | |

* Some catering expenses included alcohol but the invoices did not always itemize food and beverage expenses. Therefore, the total alcohol expense is higher than \$22,705.

** These invoices did not include a breakout of charges. Refer to the Invoice Description column for more detail.

Appendix E: Super Bowl Expenses

As discussed in Opportunity for Improvement No. 4, below is a summary of all Super Bowl expenses for our audit period.

| Super Bowl Expenses | | | | | | | | | | |
|---------------------|------------|-----------------------------------------|--------------|--------------|-----------------------------|----------|---------------|--------------------|---------|---------------------------------------------------------------|
| Invoice Detail | | | | Expense Type | | | | | | Invoice Description |
| # | Date | Vendor | Total Amount | Advertising | Office Rental / Set Up Fees | Bid Fees | Entertainment | Super Bowl Tickets | Hotel | |
| 1 | 11/20/2009 | Super Bowl Game | 3,200 | 3,200 | | | | | | 1 Page Ad in 2010 Ticket Order Packet |
| 2 | 1/27/2010 | Super Bowl Host Committee | 8,000 | | 8,000 | | | | | 2010 Pro Bowl Office Rental & Technical Set Up Fees |
| 3 | 12/18/2013 | NFL On Location | 39,217 | | | | | 39,217 | | New York Super Bowl - 8 Tickets + Hospitality Extras/Upgrades |
| 4 | 12/19/2013 | Fan Experiences | 8,800 | | | | 8,800 | | | Welcome Reception/Dinner for FOX Sports Clients |
| 5 | 1/24/2014 | NFL On Location | 6,099 | | | | 6,099 | | | Client Event Winter Sales Mission |
| 6 | 1/24/2014 | NFL On Location | 4,899 | | | | 4,899 | | | VIP Client Event for Winter Sales Mission |
| 7 | 1/24/2014 | Fan Experiences | 6,822 | | | | | | 6,822 | Housing - VIP Clients |
| 8 | 1/26/2016 | South Florida Super Bowl Host Committee | 12,083 | | | 12,083 | | | | Bid Committee Partnership Fee for 2019-2020 Superbowl |
| 9 | 1/6/2017 | Miami Super Bowl Host Committee | 4,608 | | | | | 4,608 | | Houston Super Bowl - 2 Tickets |
| 10 | 1/23/2017 | On Location Events | 29,196 | | | | | 29,196 | | Houston Super Bowl - 4 Tickets + Pregame |
| 11 | 2/26/2018 | Miami Super Bowl Host Committee | 3,200 | | | | | 3,200 | | Minnesota Super Bowl - 1 Ticket |
| 12 | 1/4/2018 | On Location Events | 17,881 | | | | | 15,196 | 2,685 | Minnesota Super Bowl - 2 Tickets + 1 Hotel for 3 nights |
| Total | | | \$144,005 | \$3,200 | \$8,000 | \$12,083 | \$19,798 | \$91,417 | \$9,507 | |

Appendix F: Miami Dolphins Expenses

As discussed in Opportunity for Improvement No. 4, below is a summary of all Miami Dolphins expenses for our audit period.

| Miami Dolphins | | | | | | |
|----------------|------------|-----------|--------------|-----------|--------------|------------------------------------------------------|
| Invoice Detail | | | Expense Type | | | Invoice Description |
| # | Date | Total | Parking | Tickets | Venue Rental | |
| 1 | 2/15/2011 | 9,327 | | | 9,327 | Practice Facility Rental/Use for Major League Soccer |
| 2 | 2/6/2013 | 3,271 | | 3,271 | | 25 VIP Clients, included food and beverage |
| 3 | 9/30/2013 | 2,640 | | 2,640 | | Tickets - Invoice did not specify quantity |
| 4 | 10/29/2013 | 668 | | 668 | | Tickets or parking - Invoice did not specify |
| 5 | 2/26/2014 | 6,541 | | 6,541 | | Tickets - Invoice did not specify quantity |
| 6 | 11/21/2014 | 6,000 | | 6,000 | | Tickets - Invoice did not specify quantity |
| 7 | 3/25/2015 | 6,046 | | 6,046 | | Tickets - Invoice did not specify quantity |
| 8 | 5/29/2015 | 504 | 504 | | | Parking for VIP Clients |
| 9 | 8/29/2015 | 3,900 | | 3,900 | | Tickets - Invoice did not specify quantity |
| 10 | 9/4/2015 | 1,260 | | 1,260 | | Tickets - Invoice did not specify quantity |
| 11 | 12/18/2015 | 10,708 | | 10,708 | | Tickets - Invoice did not specify quantity |
| 12 | 12/15/2016 | 2,850 | 100 | 2,750 | | Tickets - 10 Seats + 4 Parking Passes |
| 13 | 1/26/2017 | 10,318 | 630 | 9,688 | | Tickets - 4 Seats + 2 Parking Passes |
| 14 | 7/24/2017 | 3,475 | | 3,475 | | 5 Tickets to El Clasico |
| 15 | 7/24/2017 | 3,515 | | 3,515 | | 5 Tickets to El Clasico |
| 16 | 9/29/2017 | 2,500 | | | 2,500 | Rental for Event |
| 17 | 11/1/2017 | 12,508 | 700 | 11,808 | | Tickets - 4 Seats + 2 Parking Passes |
| 18 | 2/20/2018 | 2,100 | | 2,100 | | 14 Tickets |
| Total | | \$ 88,131 | \$ 1,934 | \$ 74,370 | \$ 11,827 | |

MANAGEMENT'S RESPONSE



BERTHA W. HENRY, County Administrator

115 S. Andrews Avenue, Room 409 • Fort Lauderdale, Florida 33301 • 954-357-7362 • FAX 954-357-7360

MEMORANDUM

DATE: November 21, 2019

TO: Robert Melton, County Auditor

FROM: Bertha W. Henry, County Administrator 

SUBJECT: **Management Response to County Auditor's Audit of Convention and Visitors Bureau Florida Sports Foundation Account**

The Greater Fort Lauderdale Convention and Visitor Bureau (CVB) has reviewed the Office of the County Auditor's Audit Report of the CVB Florida Sports Foundation Account which was requested by County Administration and submits the following as Management's response.

In summary, Management accepts the Auditor's opportunities for improvement and has implemented many new procedural enhancements, in advance of and in response to the audit. In addition, the CVB Vice President who was identified as engaging in questionable business practices is no longer working for the County.

Enclosed below please find detailed responses to each of the Auditor's opportunities for improvement and recommendations.

Opportunity for Improvement 1: *Lack of Internal Controls Allowed for Inappropriate Transactions and Violation of County Policy to Occur.*

Recommendation: *Management follow established County procurement practices, including the segregation of incompatible duties in the procurement process, and the adequate review and approval of invoices prior to payment by an independent person.*

Management's Response: *Management concurs and already implemented. The CVB addressed this issue prior to the audit conclusions through the following actions:*

- By performing all new procurements through the proper purchasing channels. Multiple training sessions, along with simplified guides to purchasing, have been provided to employees. Further, the CVB has a series of contracts and a recently established qualified vendor library which allow it to procure often-used services and goods through proper channels.

Broward County Board of County Commissioners
Mark D. Bogen • Lamar P. Fisher • Beam Furr • Steve Geller • Dale V.C. Holness • Nan H. Rich • Tim Ryan • Barbara Sharief • Michael Udine
www.broward.org

- By closing the separate Florida Sports Foundation Account and ensuring that revenue is deposited directly into County bank accounts; thus, expenditures are controlled through County procurement processes.
- By conducting financial business within PeopleSoft, access to which requires that employees are segregated from performing incompatible roles.
- By reviewing invoices at several steps during payment process. Within the CVB, employees provide backup proving receipt of goods or services and any other statutorily required information (when appropriate). This documentation is attached along with invoices within PeopleSoft by the administration staff who review for adequate documentation. Finally, additional checks take place when central accounts payable staff review for documentation.

Opportunity for Improvement 2: *A CVB Vice President Purchased Over \$400,000 of Products and Services from an Affiliated Company, and Processed Payments for Goods and Services of Questionable Market Value and Legitimacy.*

As noted in the Audit Report, once the President/CEO of the CVB was notified of the Audit Report findings, she addressed with the Vice President of CVB Sports Development Office which led to the employee's separation from County service.

Recommendation A: *Ensure that employees are compliant with outside employment requirements.*

Management's Response: *Management concurs and already implemented.* The Human Resources Division updated outside employment records County-wide in Quarter 3, Fiscal Year 2019. This update required all employees to recomplete the Outside Employment Form. Further, at time of hire, new employees are required to complete the Form. All CVB employees have completed the Outside Employment Form.

Recommendation B: *Cooperate with law enforcement and consult with the County Attorney's Office as to potential recoveries.*

Management's Response: *Management concurs.* Management will cooperate with law enforcement, where appropriate, and will consult with the County Attorney's Office as to any potential recoveries.

Opportunity for Improvement 3: *Potentially Inappropriate Vendor Relationships May Have Facilitated Questionable Transactions*

Recommendation: *Management comply with the County Administrative Code requiring fair and open competition among all vendors.*

Management's Response: *Management concurs and already implemented.* As indicated in Management's response to Opportunity for Improvement 1, the CVB has implemented the appropriate purchasing procedures prior to the completion of this

Audit. In addition, Management is arranging for ethics training for all CVB staff members.

Opportunity for Improvement 4: *Questionable Costs Were Incurred Totaling Approximately \$588,271.*

Recommendation A: *Management evaluate the business need and adequately document the public purpose for entertainment expenditures. Document attendees and specific justification for attendance.*

Management's Response: *Management concurs in part and already implemented.* Management does not agree that all expenses referenced above were questionable costs, but that in some instances adequate documentation was not attached.

The CVB performs, and will continue to perform, oversight of employee-client entertainment using Business Entertainment Forms that provide justification and require sign-off from supervisors and/or the President/CEO of the CVB. This oversight allows the President/CEO of the CVB to continuously evaluate expenditures of this nature on a case-by-case basis.

In addition, the CVB will continue to use an established Business Entertainment policy that documents attendees and justification for attendance.

Furthermore, the CVB is implementing an inventory policy and workflow that stores, tracks usage, and ensures tickets and other physical items are issued appropriately. This policy is anticipated to be implemented by the end of January 2020.

Opportunity for Improvement 5: *Grant Reimbursements Were Diverted to the Account Facilitating the Expenditures of Public Funds Without Oversight.*

Recommendation: *Management properly segregate and account for grant expenditures and reimbursements in accordance with County policy.*

Management's Response: *Management concurs and already implemented.* As indicated in Management's response to Opportunity for Improvement 1, the CVB has closed the Florida Sports Foundation Account and is ensuring that revenue is deposited directly into County bank accounts will allow for appropriate accounting of grant expenditures and reimbursements. In addition, CVB staff met with County Grants Administration in October and are now implementing the policies and workflows for handling the application and award of grants within PeopleSoft. Grants applications are now being processed by an employee within the Sports Sales section who has been provided with on the job training for the grants module within PeopleSoft.

Thank you for the opportunity to respond and provide Management's comments to the Audit. If there are any addition, deletions/omissions, or other changes or modifications to Management's response, please provide us the opportunity to review prior to issuance.

Should you have any questions or require additional information, please do not hesitate to contact me.

cc: Mayor and Broward County Board of County Commissioners
Monica Cepero, Deputy County Administrator
Stacy Ritter, President/CEO, GFLCVB
Andrew Meyers, County Attorney